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MEMORANDUM FOR: The Principal**FROM: Deputy Chief, DCI Interagency Balkan Task Force****SUBJECT: Principals' Committee Meeting, 27 October, Time: 1400**

1. PURPOSE OF MEETING. This meeting will continue yesterday's Principals' Committee meeting on Bosnia because the Principals were unable to generate a consensus yesterday. It will consider: Holbrooke's proposal to suspend (not lift) sanctions on Serbia as long as the proximity talks continue; and unresolved issues dealing with planning for the Implementation Force (IFOR).

2. THE ISSUES.

Holbrooke's Proposal The Principals remain split over Holbrooke's proposal. State argues that it is necessary that he have bargaining freedom before the negotiations. In his opinion this would keep the talks going. Several of the Principals oppose this as rewarding Milosevic, causing problems in Congress, and lessening pressure on Milosevic. One of the issues is that Holbrooke argues that Milosevic is under heavy pressure internally and needs this benefit. We don't see that he is under that much pressure, but that he could use the opportunity to import a lot of oil and strategic materials even in a short period.

Points to make

- ☐ We don't see much intelligence that Milosevic is under that severe a pressure. He has suffered strikes and demonstrations before. [See "Serbia's Milosevic: in the Driver's Seat" in **SANCTIONS ON SERBIA** tab.]
- ☐ We don't see the connection between suspension of sanctions on Serbia and Milosevic being able to pressure the Bosnian Serbs although that is what Milosevic would like the West to believe. Milosevic's main clout over them is through his ability to control the flow of material support.
- ☐ Clearly Milosevic wants an end to sanctions, but Serbia can manage to cope although at a continued low-level of economic performance. By suspending sanctions for even

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three weeks, he could seize this window of opportunity to import substantial heating oil--as much as a year's consumption--and other strategic commodities, which would weaken Western leverage against him.

- ☐ Reimposing sanctions after the proximity talks will be hard. The frontline states will be loathe to start up again and it will be hard to maintain an international monitoring regime during a suspension.
- ☐ In support of Holbrooke's perspective, the Serbs have suffered a string of defeats this year. A temporary suspension of sanctions would give him a victory to use against his internal opposition. Moreover, this victory might allow him to offset domestic pressure to intervene *when the Croats attack Sector East*.

IFOR Implementation The Deputies have had several discussions on implementation issues and in several areas were unable to agree. Admiral Blair can brief you on those meetings. At the PC, the Principals' after some discussion agreed to ratify those areas of agreement of the Deputies and deferred until Friday discussion of the unresolved issues. There is a fundamental area of disagreement between the Principals. Holbrooke basically wants to use IFOR to prevent the eventual partition of the country and has a more activist position towards IFOR mission. He also wants the freedom to decide these issues in the negotiations. Others want to set the conditions for implementation in advance and have him come back for further instructions.

One new issue that has come up is the idea of cantonment of the military forces within three months of signature. If we get the paper tomorrow morning, we can do a quick paper or raise the issue in the pre-brief. State is preparing a paper on this regime, but a copy was not available as of COB Thursday. DOD/JCS is generally hostile to the idea since it would require a much larger force--including extensive deployments on Bosnian Serb territory--to implement. The State and JCS papers on this have not been drafted yet, but if we get the paper tomorrow morning, we can do a quick paper or raise the issue in the pre-brief.

Points to make:

on IFOR

- ☐ The prevalence of incidents hinges on the commitment of the leaderships to the agreement. C&C has improved enough that the leaderships would have to approve large-scale attacks.

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- ☐ Local incidents, such as sniping, small-arms clashes, and mortar attacks, are likely regardless of the agreement by parties who do not approve of the agreement and are trying to sabotage implementation..
- ☐ Both the Bosnian Serbs and Bosnian Muslims are likely to cause trouble. Bosnian Serbs might attack to reject an unsatisfactory agreement reached by Milosevic. The Bosnian government has the most tenuous control over its troops, some of whom have vowed to recapture territory from which they have been cleansed or to prevent partition.
- ☐ The most troublesome areas will be in northwest Bosnia, Sarajevo, and in the Posavina corridor.

On Cantonment

- ☐ The length of time this provision would be in effect is not specified--its proponents may see it as an element in a broader arms control/stabilization package that would outlive IFOR. Any forces outside these cantonment areas would be considered hostile and subject to attack by IFOR.
- ☐ Monitoring such a regime could have serious implications for the Intelligence Community--especially if it outlives IFOR as part of a larger arms control regime. If IFOR is deployed in force throughout Bosnia, the primary monitoring burden will fall on those forces--backed by US and other participants' national intelligence means (NIMs).
- ☐ In the absence of large numbers of IFOR troops manning observation posts and mobile patrols, the role of US NIMs--complemented by any cooperative measures such as provision for observer teams--will greatly increase.
- ☐ In the absence of a detailed proposal, analysis of IC capabilities is impossible. In general, however, the IC's ability to monitor an absolute prohibition on movements of any size is very limited--improving as the size of the violation grows.

3. PREPARING FOR THIS MEETING

ON SANCTIONS

- ☐ Why is Milosevic Pressing for Sanctions Relief? [See SANCTIONS ON SERBIA tab.] While sanctions are causing economic pain, Milosevic seeks relief to keep his

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domestic opponents at bay, especially given the series of stinging reverses the Serbs have suffered this year.

- ☐ **Impact of Suspending UN Sanctions on Belgrade [See SANCTIONS ON SERBIA tab.]** Suspending sanctions for even a three-week period would give an opportunity to import a year's consumption of heating oil and several months of other strategic commodities as well as to earn hard currency from exports.
- ☐ **UN Sanctions Against Belgrade: Effective Reimposition Difficult to Obtain [See SANCTIONS ON SERBIA tab.]** It will be difficult to reestablish sanctions after a temporary suspension should it prove necessary.

IFOR

- ☐ **Pre-IFOR Deployment Problems [See IFOR/UNPROFOR tab.]** After a settlement, violent incidents, such as sniping, small-scale attacks, and mortar attacks, are likely by elements that consider the agreement unsatisfactory. The extent of such incidents will depend on the degree of commitment by the warring party's leadership to the agreement.

Ray Converse

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